

RECEIVER SOUGHT FOR INTERBOROUGH, \$3,000,000 IN DEBT

American Brake Shoe and Foundry Company Sues Over \$57,074.90 Bill for Equipment.

TRANSIT PLIGHT CITED

Traction System Unable to Meet \$10,000,000 of Its Notes on Thursday, Is Statement.

BUT HEDLEY IS HOPEFUL
New Action Is Fourth Against
Big Lines in City Since B.
R. T. Was Declared In-
solvent in 1913.

The American Brake Shoe and Foundry Company in an equity suit filed yesterday in the United States District Court asked for the appointment of a receiver for the Interborough Rapid Transit Company.

The foundry company has a claim of \$57,074.90 against the traction company for brake shoes and castings and sets forth that the Interborough's floating indebtedness for materials, supplies, equipment and taxes is in excess of \$3,000,000. The Interborough company has twenty days in which to file an answer.

This is the fourth big New York traction system to be taken into receivership proceedings in less than three years, the others being the Brooklyn Rapid Transit Company, the New York Railways (green lines) and the Interborough Consolidated Corporation, holding company for stock of a large number of traction lines in New York city. The New York Railways receivership also was the result of a claim filed by the American Brake Shoe and Foundry Company.

Interborough Hopeful.

Frank Hedley, president and general manager of the Interborough Rapid Transit Company, made the following statement:

"This forenoon the American Brake Shoe and Foundry Company filed a creditor's bill in the United States Court for the Southern District of New York on its own behalf and on behalf of all creditors of the Interborough Rapid Transit Company who may join in the suit, asking that a receiver be appointed in order that all creditors may be treated alike and that there be no multiplicity

"The Interborough Rapid Transit Company has appeared in the suit but it has not yet filed an answer or consented to the appointment of a receiver. It has twenty days in which to answer and during that time it is hoped that all of its notes maturing September 1 next will have been redeemed for a large and the

"If, however, it shall become necessary ultimately to have a receiver the filing of the bill this morning confers jurisdiction upon the court, which is now administering the affairs of several other traction companies."

companies. It is believed this country will be of advantage to all interests involved. The filing of this bill does not change the situation as to the extension of the three year note."

The three year note referred to by Mr. Hixley are the notes issued by the U. S. Trust Co. in 1913, and the notes issued by the U. S. Trust Co. in 1914. The total net outstanding principal is placed at \$35,140,000. They were secured convertible 7 per cent. gold notes, behind which are pledged \$1,246,400,000 Interstate Rapid Transit Company's 1910 first and refunding mortgage 5 per cent. bonds.

A fortnight or more ago the Interstate through company addressed a communication

asking that at their maturing on September 1 they be extended for another year at 8 per cent. At the office of the Morgan firm, through which the negotiations are being conducted, it was said no announcement could be made regarding the number of favorable responses.

to the request. Mr. Hedley's statement, however, indicated that the company believed a large majority of the noteholders would consent to an extension. The plaintiff's bill of complaint says that more than one-half of the principal of the notes has been extended by agreement of the holders.

Creditors Pressing.

The bill of complaint against the traction company says the floating indebtedness of \$3,000,000 for supplies, materials, taxes, &c., is overdue and that the defendant is unable to pay it. It declares that certain creditors are pressing for payment, that others are threatened with suit.

The complaint declares further that for the benefit of the public and for the creditors, it is desirable that the operation of the railroad be continued.

On several occasions in the last two or three years reports have been current that a receivership for the Interborough

Rapid Transit Company was imminent. On each occasion the threatened crisis was averted, and it was not until yesterday that the corporation's difficulties were the basis of a complaint actually filed in the Federal Court. This action, it is understood, is friendly and designed to protect the company in the matter of jurisdiction.